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Tax Bulletin

Tax Bulletin 1-04

Effective Date: April 1, 2004

Re: Utah County Imposes Tourism, Recreation, Cultural, and Convention Tax on Short-term Leases and Rentals of Motor Vehicles

Utah Code Ann. Section 59-12-603 allows county legislative bodies to impose a tax of up to 7 percent on all short term leases and rentals of motor vehicles, where those leases do not exceed 30 days. The proceeds of this tax will be used for financing tourism promotion and the development, operation, and maintenance of tourism, recreation, cultural, and convention facilities.

Beginning April 1, 2004, the Utah County Commission has elected to impose this tax, by ordinance, at the full 7 percent allowed by law. Accordingly, effective April 1, 2004, all lessors leasing or renting motor vehicles in Utah County must begin collecting the tourism, recreation, cultural, and convention tax on short term leases and rentals of motor vehicles at a rate of 7 percent. This 7 percent tax on short term leases and rentals of motor vehicles is in addition to the 2.5 percent statewide tax imposed on short term leases and rentals of motor vehicles and any other applicable sales and use taxes.

The combined tax of 9.5 percent on short term leases and rentals of motor vehicles will be remitted to the Tax Commission with form TC-71FV for monthly sales tax filers, or form TC-71F for quarterly sales tax filers. The appropriate return will be mailed to businesses with the quarterly sales tax returns or with the monthly sales tax returns, as applicable. Filing dates, penalty and interest, and other administrative provisions are the same for this tax as for sales tax returns.

The term "motor vehicle" includes cars, trucks, jeep type vehicles, and motor homes normally rented for tourism or recreation purposes, but does not include off highway vehicles or snowmobiles.

Exceptions

Leases and rentals of motor vehicles that would be exempt from sales tax are also exempt from this tax. Also exempt are leases and rentals of motor vehicles:

- (1) for the purpose of temporarily replacing a motor vehicle that is being repaired pursuant to a repair or an insurance agreement;
- (2) that are registered for a gross laden weight of 12,001 or more pounds; or
- (3) if the motor vehicle is leased or rented as a personal household goods moving van.

Companies leasing or renting motor vehicles to a person that is not required to pay this tax should document the exemption by obtaining a signed Exemption Certificate, form TC-721, from the person leasing or renting the motor vehicle and retain this certificate for audit purposes.

Please refer to the rate chart included to determine the total short term lease and rental taxes and sales and use taxes you should be collecting effective April 1, 2004.

QUESTIONS...



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Changes in Utah laws or Tax Commission rules may supersede this Tax Bulletin.
For the most current guidance relating to state and local taxation, including
local sales tax rates, visit the Tax Commission's Internet website at tax.utah.gov.

New Tax Rates in Effect as of April 1, 2004

(This chart lists only the tax rates that are changing effective 4/1/04. For a complete list of effective rates, refer to the Tax Commission website, tax.utah.gov.)

Location ¹	Combined Sales & Use Tax Rate	Combined Transient Room Rate	Tourism Taxes		
			Motor Vehicle Rental Tax	Short Term Leasing Tax	Restaurant Tax
Utah County	6.000%	3.000%	2.500%	7.000%	1.000%
Alpine	6.250%	3.000%	2.500%	7.000%	1.000%
American Fork	6.250%	3.000%	2.500%	7.000%	1.000%
Cedar Hills	6.250%	3.000%	2.500%	7.000%	1.000%
Draper City South	6.000%	3.000%	2.500%	7.000%	1.000%
Highland	6.250%	3.000%	2.500%	7.000%	1.000%
Lehi	6.250%	3.000%	2.500%	7.000%	1.000%
Lindon	6.250%	4.000%	2.500%	7.000%	1.000%
Mapleton	6.250%	3.000%	2.500%	7.000%	1.000%
Orem	6.250%	4.000%	2.500%	7.000%	1.000%
Payson	6.250%	3.000%	2.500%	7.000%	1.000%
Pleasant Grove	6.250%	3.000%	2.500%	7.000%	1.000%
Provo	6.250%	3.000%	2.500%	7.000%	1.000%
Provo Canyon	6.250%	3.000%	2.500%	7.000%	1.000%
Salem	6.250%	3.000%	2.500%	7.000%	1.000%
Spanish Fork	6.250%	3.000%	2.500%	7.000%	1.000%
Springville	6.250%	3.000% ²	2.500%	7.000%	1.000%

¹ All cities and towns not listed beneath a county charge the same sales tax rates as the county. Example: Santaquin is not listed below Utah County. The tax rate charged in Santaquin is the same tax rate charged in Utah County.

² In addition to the transient room tax imposed by the county, this city has imposed a municipality transient room tax which the city will collect locally.